

**New Hampshire Racing & Charitable Gaming Commission  
Commission Meeting  
Concord Office  
December 17, 2010  
10-14**

Present: Timothy J. Connors, Chairman  
Warren W. Leary, Secretary  
Michael J. Gatsas, Member  
Lynn M. Presby, Member  
Bernard A. Streeter, Member  
Anthony B. Urban, Member  
Paul M. Kelley, Director  
Sudhir K. Naik, Deputy Director  
Charles Saia, Legal Coordinator  
Steve Johnston, Supervisor Gaming Operations  
Billie Jean Arseneault, Gaming/Licensing Supervisor  
William Dewhurst, Sr. Auditor  
Linda Glaser, Auditor  
Linda Darrow, Administrative Secretary

In Attendance: Edward Callahan, Daniel Mullen, Susan Geiger, Averill Cate, Jan DiMarzio, Becky Mignogna, Nick Bernardi, Dick Bouley, Rick Newman, Glenn McCrory, Jamie Timbas, Dan Brown and others.

The Chairman called the meeting to order at 10:07 a.m. Chairman Connors opened the public hearing on Pari 1212.02(a), (b), (c), (d), (e), (f), (g) and (h) regarding submission, review and requirements of financial statements for Games of Chance. The Chairman asked if there were any comments in favor of/opposed to the proposal. The following comments were received:

\*Mr. Ed Callahan, Rockingham Park – asked for the definition of “Games of Chance licensee” to clarify to whom this section of the rule would apply. Legal Coordinator Saia read the definition as stated in the rules. This rule will apply to all charities participating in Games of Chance.

\*Mr. Rick Newman, the Lodge at Belmont – noted that nothing in the rule addresses confidentiality; would like to see a section added specifying that the financial information submitted is not subject to 91-A; find a way to cut back on duplicate requests for financial information; section (c) is vague, more specifics needed.

Chairman Connors closed the public hearing at 10:14 a.m. and opened the Commission meeting.

On a motion by Commissioner Presby, seconded by Commissioner Streeter and unanimously voted to approve and place on file the Commission minutes dated November 16, 2010 and December 1, 2010.

On a motion by Commissioner Urban, seconded by Commissioner Leary and unanimously voted to accept and place on file the racing & charitable gaming statistics for the fiscal period ending December 7, 2010.

The Games of Chance warning letters/late financials spreadsheets were reviewed. Deputy Director Naik stated one of the warning letter responses was due today and one response was overdue from an organization no longer participating in Games of Chance. Two financials were late and staff will follow up to resolve.

The Games of Chance State Revenue spreadsheets were reviewed. On a motion by Commissioner Urban, seconded by Commissioner Leary and unanimously voted to accept and place the spreadsheets on file.

Action Items:

a. *Status of Lucky 7 dispensing devices*: Director Kelley stated a meeting was held with the industry and another meeting is scheduled with the industry to promulgate rules. Copies of draft rules submitted by Attorneys Mullen/Geiger and Arrow International were provided for informational purposes.

b. *Eastern Poker Tournament (EPT) Update*: Feedback was provided by Belmont Gaming, Rockingham Gaming and NHCg. Mr. Callahan from Rockingham Gaming provided a handout showing a 10% increase in revenue for the charities as a result of the EPT being held at the Poker Room at Rockingham Park. Mr. Rick Newman from Belmont Gaming stated their in-house tournaments were drawing more interest than EPT and was discontinuing EPT as of December 10, 2010.

A request was made by Attorney Mullen on behalf of Eastern Poker Tour to approve the re-licensure/extension of their gaming license through March 2011 so that the tournament of champions can be held. Discussion ensued. Commissioner Gatsas asked why Belmont Gaming was no longer participating in EPT. Mr. McCrory of EPT stated the players are skeptical and do not believe the Commission will let the tournament run its course; Mr. Newman stated that Belmont is doing better with their in-house tournament, Belmont Aces, and prefers to continue running Belmont Aces. When asked why the tournament of champions was scheduled for March instead of February as originally scheduled, Mr. McCrory stated the entire process took longer than anticipated. Commissioner Gatsas noted that this extension request should have been brought before the Commission at the November 16<sup>th</sup> meeting rather than a few days before the expiration date.

On a motion by Commissioner Urban, seconded by Commissioner Streeter and by a roll call vote the Commission voted to extend EPT's license through March 31, 2011.

Connors	-	Yes
Leary	-	Yes
Gatsas	-	No
Presby	-	Yes
Streeter	-	Yes
Urban	-	Yes

A request for approval was made by Sr. Auditor Dewhurst to promulgate amendments to the existing PART Pari 1004 - Initial Application for a Bingo License for a Charitable Organization. The amendments would address the issue of people participating in the operation of bingo games and sales of lucky 7 tickets who are not bona fide members of the charitable organization. Discussion ensued. On a motion by Commissioner Presby, seconded by Commissioner Leary and unanimously voted to move forward with the process.

Correspondence was reviewed. Director Kelley provided an article from Seacoast Online (12/17/10) pertaining to charitable gaming at Hampton Beach. On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to accept and place all correspondence on file.

RCGC monthly activities for November 2010:

General:

- Addressed various Electronic Pull Tab Dispensing Machine issues: Initial meeting with attorneys/lobbyist/distributors/representatives of licensees/ Manufacturers via telephone conference call as well as in house meetings.
- Reviewed proposals from manufacturers in preparation of items for Commission meeting.
- Compiled RCGC opinion regarding devices for Commission consideration and review of 2005 SAS Type II report and determined its applicability to current matter.
- Preparation of licensee affidavit to Commission re: incorrect serial numbers and existence of 3 additional L 7 dispensing machines in the State. Receipt and review of affidavit from licensee.
- Preparation and finalization of all pre-hearing documents. Review of basis of appeal, applicable statutory and regulatory requirements. Analysis presented to Commissioners, including summary of facts/applicable RSA's and Pari's/Conclusions of Law and recommendation for decision. Presentation of matter for Hearing and drafting/finalization of RCGC Decision & Order.
- RCGC Weekly GOC Work Session/Rules Promulgation. PARI 1210.01 - Awaiting comments from JLCAR. PARI 1212 -Preparation of Cover Sheet/FIS/Appendix for presentation to JLCAR Received FIS and completed filings with JLCAR. Preparation for public hearing on December 17, 2010.
- Finalization for presentation of netting issue.
- Referred two cases NEAAU & Pro America matters to AG's office for direction and final disposition of staff findings.
- Review and analysis of applicable statutory and regulatory framework for ultimate disposition of racing license for licensee that ceased simulcast operations.

Administrative Staff Meetings/Training/Site Visits:

- Weekly visits to racetracks.
- Attended monthly HR meeting.
- Attended Gaming Regulatory Authority meetings on 11/09 and 11/23.
- Meeting with distributor representative regarding double-sided tickets for sale in NH under a proposed Lucky 7 rule promulgation and proposal regarding some sort of video display of animated horse races to be played in conjunction with Bingo.
- Met with State Division of Personnel regarding certain personnel matters and applicable rules and regulations.
- Site visits to Games of Chance sites in Rockingham Park, Seabrook, Rochester and a Bingo operation in Derry.

Licensing/ Enforcement:

- (54) Inspections were conducted between the period of November 14<sup>th</sup> and November 27<sup>th</sup> including (24) Bingo, (7) Lucky 7 and (23) Games of Chance licensees.
- Issued (393) new and renewal licenses including (30) games of chance, (82) Bingo, (103) Lucky 7 and (178) game operators.
- Processed (351) financial reports for Bingo/Lucky 7 and Games of Chance.
- Issued (28) racetrack employee licenses.

#### Accounting/Finance/Administrative:

- Processing AP invoices & CR revenue transactions in databases & Lawson.
- Payroll processing (bi-weekly).
- Prepare Commission meeting agenda & minutes.
- Monthly revenue transfers to Education Trust Fund (\$119,000) & General Fund (\$94,000) & 10% Gambling Tax (\$29.72 for July-Nov).
- Month-end reconciliations (databases vs. Lawson) – Paristat, Bingo/L7, GOC.
- Mail, phones, customer service, filing, scanning, order office supplies, bank deposits.
- Resolving various discrepancies with vendors or other state agency billings.
- Provided cash balance report to Lottery.
- FY12/13 Budget work – 95% proposal submitted to Governor’s office.
- 6% Fleet Reduction plan submitted per request of the Department of Administrative Services (DAS).
- Longevity payments & State vehicle use tax deduction.
- Researched A17 CR documents for GOC.
- Established new process for incoming cash & checks.
- Dedicated Funds report (bonds) & Indirect Cost memo submitted to DAS.
- Verification & Correction of State Telephone Directory listings.
- Prepared and submitted ARCI dues payment request for G&C approval.
- Analysis of state vehicles, annual usage & estimated mileage at replacement.

#### Audit:

- Completed the collection and analysis of the financial information of the three tracks in anticipation of 2011 licensing.
- Reviewed and submitted the monthly Pari-Pool information.
- Site visit and collection of documents as part of the audit of On the Road to Recovery Bingo; began analysis and completion of work papers.
- Began Quarterly Lucky 7 Charity-Vendor reviews- 10 charities selected and documents requested.
- Worked on confirmation of membership status of bingo volunteers.
- Reviewed requirements for bingo paper/ bingo brains.
- Continued adjustments of new Monthly Financial Reports.
- Complied potential rule changes necessary to implement HB 367.
- Reviewed issues of GOC check cashing; points tournaments; EPT.
- Reviewed tax-exempt status of charities designated “in danger” by the IRS.
- Addressed further issues with reconciliations of Lawson to GOC data base.
- Continued comprehensive “risk assessment” of our internal procedures.
- Continued developing procedures and additional controls for funds remitted to this agency.

Old Business:

Legal Coordinator Saia requested that the Commission move forward with the final proposal for Pari 1210.01, rules regarding submission, review and approval of Games of Chance procedures. On a motion by Commissioner Urban, seconded by Commissioner Leary and unanimously voted to take the appropriate action to move the process forward.

New Business:

- Director Kelley stated that plans to abolish this agency are moving forward under LSR 11-0141.0
- A letter was sent by the Chairman to Senators Gregg and Shaheen as well as Senator-Elect Ayotte regarding the Commission's opposition to Senator Harry Reid's proposed legislation to legalize internet poker playing.
- Director Kelley read, for the record, a letter dated December 15, 2010 received from Marlin Torguson, Chief Manager of The Lodge at Belmont, requesting a hearing before the Commission. This request is in response to the December 1, 2010 letter sent to him from the Commission revoking The Lodge at Belmont's racing license effective December 17, 2010. Director Kelley then read, for the record, a letter received this morning from Chief Manager Marlin Torguson, surrendering The Lodge at Belmont's racing license. Discussion ensued. On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to accept the surrender of the license if a letter was received from Mr. Torguson by end of day withdrawing his request for a hearing.
- Dan Brown of Granite State Poker has stopped operations in Plaistow. The business is moving to Manchester and will open on February 1 as Granite State Alliance.
- The Hampton Falls gaming location is scheduled to open on December 26<sup>th</sup>.
- Incoming Governor and Council member Chris Sununu, along with any other members of the Council who would like to attend, will accompany Director Kelley on a tour of the tracks/gaming facilities on January 8, 2011.

At 11:15 a.m., on a motion by Commissioner Streeter, seconded by Commissioner Urban and by a unanimous roll call vote the Commission voted to adjourn the regular meeting, and go into nonpublic session.

Connors	-	Yes
Leary	-	Yes
Gatsas	-	Yes
Presby	-	Yes
Streeter	-	Yes
Urban	-	Yes

At 11:55 a.m., on a motion by Commissioner Streeter, seconded by Commissioner Leary and by a unanimous roll call vote the Commission voted to come out of the nonpublic session, and permanently seal the nonpublic minutes.

Connors	-	Yes
Leary	-	Yes

Gatsas	-	Yes
Presby	-	Yes
Streeter	-	Yes
Urban	-	Yes

Discussion ensued regarding the Outs tickets and bonds held by the State. On a motion by Commissioner Streeter, seconded by Commissioner Leary and unanimously voted to authorize the Director to execute the cash bond held by the State in settlement of the Belmont Gaming LLC's Outs liability to the State upon receipt of a full accounting of the outstanding tickets and vouchers.

The next meeting is scheduled for Wednesday, January 19, 2011 at 11:00 a.m. in Concord. The Chairman closed the public meeting at 12:05 p.m.

Respectfully Submitted,

Warren W. Leary, Jr.  
Secretary